

**A REVIEW OF ZAKAT INSTITUTION FINANCIAL PERFORMANCE:  
A DECADE STUDY FROM INDONESIA**

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### **Abstract**

This study aims to measure the performance of zakat institutions by using activity ratios, efficiency ratios, zakat workers' fund ratios, liquidity ratios, and growth ratios from 2012 to 2021. This paper is qualitative research with financial ratios analysis. The sample of the study was taken from the independent auditor's report and annual reports of BAZNAS from 2012 to 2021. Financial statements are measured and reviewed using ratios to describe in-depth financial performance. The findings of this study provide the results of the calculation of the five ratios, showing good performance, efficiency and increasing quite significantly. Although some sub-ratios have yielded poor results, BAZNAS' performance has explained its business process activities are on track. The results of this study are expected to contribute to increasing the realization of zakat funds driving Indonesia's economic growth. This study humbly suggests BAZNAS for the need to improve the performance of human resources to be more optimal in collecting activities and controlling operational activities.

**Keywords:** BAZNAS, Zakat Performance, Zakat Financial Ratio

### **Abstrak**

Penelitian ini bertujuan untuk mengukur kinerja lembaga amil zakat dengan menggunakan rasio aktivitas, rasio efisiensi, rasio dana amil, rasio likuiditas, dan rasio pertumbuhan selama satu dekade dari tahun 2012 sampai 2021. Tulisan ini merupakan penelitian kualitatif dengan pendekatan studi kasus di BAZNAS. Kasus tersebut diambil dari laporan auditor independen dan laporan keuangan BAZNAS tahun 2012 sampai 2021. Laporan keuangan diukur dan dikaji menggunakan rasio untuk menggambarkan kinerja keuangan yang mendalam. Temuan penelitian ini memberikan hasil perhitungan kelima rasio tersebut menunjukkan kinerja yang baik, efisien dan meningkat cukup signifikan. Meskipun beberapa sub-rasio memberikan hasil yang kurang baik, kinerja BAZNAS telah menjelaskan kegiatan proses bisnisnya di jalurnya. Hasil penelitian ini diharapkan dapat berkontribusi bagi peningkatan realisasi dana zakat karena peran zakat terbukti dapat mempengaruhi pertumbuhan ekonomi Indonesia. Studi ini menyarankan BAZNAS untuk perlunya meningkatkan kinerja sumber daya manusia supaya lebih optimal dalam kegiatan pengumpulan dan mengontrol kegiatan operasional.

**Kata kunci:** BAZNAS, Performa Zakat, Rasio Keuangan Zakat

## 1. INTRODUCTION

The problem that arises in the socio-economic field is poverty that has existed for centuries and has never been resolved properly. Some experts have developed systems that can solve the problem but have not been able to help solve it. Countries that adopt the system experience the same problem. Poverty alleviation has been carried out as much as possible by the government but has not been able to have a significant effect. Philanthropic tools such as zakat, infaq and shadaqah are often used to alleviate poverty in Indonesia (Islamiyati & Hany, 2020). Islam has specific teachings on poverty alleviation. One of Islamic teachings on alleviating the poor is the commandment of zakat. As the third pillar of Islam, zakat occupies a very important position in Islam (Ma'ruf, 2022). One of the important functions of zakat is to reduce the burden on the poor (Harahap, 2022).

Zakat is a stimulus in the economy that gives rise to new forces in the accumulation of significant investments that will increase the cyclical production of the economy in the region (Nasution & Prayogi, 2019). From the macro side, zakat will be able to increase aggregate demand due to the increase in people's purchasing power for goods and services (Ashfahany et al., 2023). When zakat is implemented with a good governance system, it will be a trigger for the emergence of job opportunities, so that every citizen has a job and is able to reduce poverty automatically. Furthermore, zakat has a major role in the creation of justice in the economic field, where every citizen has a source of income and income to meet the needs of daily life (Rusydia et al., 2016).

As the country with the largest Muslim population in the world, zakat has great potential in alleviating poverty but needs to be explored and managed. There are many zakat institutions in Indonesia such as Badan Amil Zakat Nasional (BAZNAS), Rumah Zakat Indonesia (RZI), Dompot Dhuafa, Yayasan Dana Sosial al Falah (YDSF) and other institutions. Each zakat institution has several programs both in collecting and distributing zakat funds such as zakat funds, waqf, and, humanitarian funds. Zakat institutions was formed to realize Islamic social responsibility through profit management, a social community cluster, namely zakat institutions based on social structure of society was formed to bring zakat payer (*muzakki*) closer to the recipients of zakat (*mustahik*) (Ryandono et al., 2021).

Zakat institutions are institutions or organizations whose main activity is to manage zakat funds, infaq and sadaqah which currently have different forms and have their own legal

entities (Prayoga & Yafiz, 2022). Zakat institutions are institutions established based on laws and regulations made by the government have the task of collecting and distributing zakat, the institutions that manage zakat are the BAZNAS and the Amil Zakat Institute (LAZ). Based on Law No. 23 of 2011, Zakat Management is the planning, organizing, implementing, and supervising activities of collecting, distributing, and utilizing zakat.

BAZNAS is an official and legal entity established by the national government based on Dekrit Presiden Nomor 8 Tahun 2001, which has the task of collecting, managing, distributing Zakat, Infaq, dan Sedekah (ZIS) at the national level. The existence of Law No. 23 of 2011 further strengthens the function of BAZNAS as an institution tasked with managing zakat at the national level. LAZ is a zakat institution that was not established by the government but by the community and community organizations. LAZ has the task of collecting, storing, protecting, recording, and distributing zakat assets to collect and distribute and other tasks related to zakat (Fathurrahman & Hajar, 2019). Institutions that manage zakat, namely BAZNAS and LAZ, are required to report zakat, infaq, alms and other religious social funds from time to time to the Minister of Religious Affairs as a zakat management institution for evaluation and assessment. Until 2019, the total number of LAZs reached 74 institutions at all levels of the operational scope. Meanwhile, BAZNAS already has representatives in every province in Indonesia (Pamuncak et al., 2021).

Financial performance is an indicator of the success of an institution as a result obtained in accordance with various activities to determine the development of an institution well in implementing financial implementation rules. Looking further, financial performance can see its success through the benefits felt by the community. The performance of zakat financial institutions is the result achieved through various actions applied, in this case it is carried out to see the measures used by institutions in implementing the rules for managing zakat financial institutions properly and correctly (Zakiy et al., 2022). The performance of zakat can be seen from the financial statements containing the final report that provides an overview of the actual financial status of all achievements needed to identify and report situations that affect the decisions or policies taken.

Reviewing the performance of zakat financial institutions can evaluate activities that adhere to the principles of transparency, trustworthiness, and professionalism. It is seen to what extent zakat financial institutions act with various information obtained from financial

statements, including the collection, distribution, and operational management of zakat. Performance indicators of zakat financial institutions are used by institutions to determine and evaluate the progress of long-term institutional goals (Othman & Noor, 2011). The performance of zakat financial institutions is a result that can be measured by describing the condition of an organization (Bastiar & Bahri, 2019). Reviewing the performance of zakat financial institutions is carried out so that these institutions can improve their performance to be better and trusted by the community. Because most Muslims in Indonesia still tend to pay zakat directly to mosques and individuals rather than to related financial institutions (Cokrohadisumarto et al., 2019)

Ratio analysis is just one of many ways financial statements can be analysed to determine how well a company is performing financially. Other approaches include ratio analysis based on monetary ratios derived from information in financial statements as an effort to ensure that everyone has the same understanding, some definitions of financial ratios are provided below: Ratio analysis is an analysis that explains the relationship between a certain amount and other financial amounts reported in the form of a comparison (Mubarrak, 2014). According to Cahyadi (2020) the concept of Ratio is basically just a tool described in arithmetical terms and can be used to describe the relationship between two different types of financial phrases. It is Martin's words that state it when compared to standards or norms, financial ratios are a very useful analytical tool (Cahyadi, 2020). It is possible to draw the following conclusions based on the description presented earlier: financial ratios are a tool for conducting financial analysis that involves comparing one figure with another from the company's financial statements.

Measuring performance is an important element in assessing an organization's ability to meet its objectives measured are quality, time, and cost. In the benchmarking process, management identifies the best companies in the industry or in other industries where similar processes exist and comparisons are made in terms of process, results, and performance to one's results. In this way, organizations learn how they perform relative to others and explain the factors behind the success of those organizations.

There are various models to measure the performance of amil zakat institutions, although there are some models available that are still not relevant for amil zakat institutions. As mentioned by Bastiar & Bahri (2019), performance measurement models of amil zakat

institutions include National Zakat Index (IZN), Zakat Village Index (IDZ), Centre for Islamic Business and Economic Studies (CIBEST), Balanced Scorecard, Indonesian Magnificence of Zakat (IMZ) and International Standard of Zakat Management (ISZM). Various models of performance measurement in this amil zakat institution have advantages and disadvantages. However, this does not limit amil zakat institutions from choosing measurement models to evaluate institutions because each model has the interpretation required by each institution.

Furthermore, research by Lestari (2010); Syifa (2018); and Zakariya (2016) measured the performance of amil zakat institutions using the balanced scorecard method. The method can interpret four perspectives simultaneously, including finance, internal business processes, customers and learning and growth. The paper concludes that the result of this study is that the use of this method can describe all aspects of the business activities of amil zakat institutions. The objects of the paper do not all describe their performance well, since they are faced with several obstacles.

Data Envelopment Analysis (DEA) is another performance measurement model with an intermediation approach using quantitative analysis, including data processing in the form of inputs and outputs taken from financial position statements, cash flow statements and fund change statements assuming Constant Return to Scale (CRS) Fathurrahman & Hajar (2019); Kamela & Alam (2021); A. Lestari (2015); and Muslimah & Akbar (2021). These studies show that this object of study has a significant level of efficiency in ZIS management up to 100%. However, some objects show inefficient results because their value is still below 100%.

The Indonesia Magnificence of Zakat (IMZ) method has also been used for research on measuring the performance of amil zakat institutions in terms of sharia compliance performance, management performance, financial performance, utilization performance and social legitimacy performance (Ardani et al., 2019). The results show a positive trend over the past five years and a significant improvement of all aspects studied over the previous two years. Last year, the zakat institution studied received a BBB value. Another study conducted by Haidir (2020) measured the performance of amil zakat institutions using the CIBEST method, which measures the impact of zakat on the welfare index. The zakat index value of zakat institutions shows 0.4878, representing a fairly good performance. Looking at the macro

dimension, it gets a value of 0.0495 which gives poor performance. When viewed from the micro dimension gets a value of 0.78, so that performance on institutional variables and the impact of zakat is good.

On the other hand, Yunus (2019) conducted a study on measuring the performance of amil zakat institutions using the IZN method to measure zakat based on a macro perspective. The results showed that zakat institutions had poor performance, because they only had a value of 0.2985 with the lowest variable in the supporting variables of the regional budget and the variable ratio of the number of muzakki to the number of national business entities in the zakat institution database indicator. Similarly, Harto et al., (2019) use financial ratios to measure the performance of amil zakat institutions. However, this study was limited to the activity ratio of amil zakat institutions during the period 2016-2019. The study showed that the calculation of each component of the ratio included in the activity ratio yielded a ratio figure that, on average, described the good performance of amil during the mentioned period.

Looking at previous studies that only used activity ratios, it is interesting for researchers to continue using comprehensive ratios. The selected ratio has been through group discussion forums and research results issued by the Centre for Strategic Studies of the National Amil Zakat Agency. These ratios are re-managed because the ratios commonly used are not necessarily relevant to amil zakat institutions. These ratios include the ratio of activity, efficiency, amil funds, liquidity, and growth (BAZNAS, 2019). With this performance measurement, this study tries to find out how BAZNAS performed for a decade from 2012 to 2021.

## 2. METHOD

This study measures the financial performance of LAZ using a decade-long growth ratio. In this decade explores the extent of development from year to year on the financial performance of amil zakat institutions based on these ratios. therefore, qualitative research is very relevant to this research because qualitative research helps to understand holistically the phenomena experienced by research subjects (Fadli, 2021).

The research used in this study is descriptive research because researchers will only calculate financial ratios to be able to measure the performance of an institution in a certain

period, so that the presentation of research results can be done in writing. In addition, this study used secondary data to achieve the objectives of this study. The following secondary data is data from BAZNAS' financial statements from 2012 to 2021. Therefore, the approach used is quantitative because the data obtained is in the form of numbers.

This research uses data from BAZNAS, which is one of the amil zakat institutions that has an important role to help the wider community. This can be proven by the large amount of funds collected and distributed by the institution. This study analyses financial statement data so that it is known how the financial performance in the BAZNAS financial performance report for a decade. The input variables used are the amount of zakat fund receipts and the amount of zakat fund distribution. The ratios used in this study are in the form of financial ratios Ikatan Akuntan Indonesia (IAI) in the Organisasi Pengelola Zakat (OPZ). The OPZ as a guideline in its books and financial reporting is PSAK No.109 issued by the IAI in 2010 (Bastiar & Bahri, 2019).

### **3. RESULT AND DISCUSSION**

#### **3.1 Types of Financial Ratios of Amil Zakat Institutions**

Analysis of the financial ratios of zakat institutions is carried out to compare the performance of their activities. Financial performance reflects the compliance of zakat institutions with the conformity of sharia rules. Financial performance is needed to measure the efficiency of amil zakat institutions in managing funds and to explore the extent of their distribution. Then it will show the achievements of the zakat amil institution in managing people's funds (BAZNAS, 2019). The research centre of BAZNAS has issued relevant financial ratios that non-profit entities such as amil zakat institutions can measure their performance. These ratios are Activity Ratio, Efficiency Ratio, Amil Fund Ratio, Liquidity Ratio, and Growth Ratio (BAZNAS, 2019).

The activity ratio is a metric used by zakat organizations to evaluate the efficiency with which they spend zakat, infaq, and other social monies. Since the distribution of zakat, infaq, and alms monies is fundamental to their management, the Activity Ratio must be calculated. All year-specific efforts to collect and distribute zakat, infaq, and alms monies may be evaluated by monitoring activity performance. The zakat is distributed in proportion to the activity ratio. In other words, the rate at which zakat is given out corresponds exactly to



the level of activity taking place. Poverty may be alleviated by increased zakat distribution (BAZNAS, 2019)

The efficiency ratio is calculated to evaluate the efficacy of zakat organizations' methods of collection and distribution. The more zakat is distributed, the lower the efficiency ratio. To rephrase, the ratio of efficiency to zakat distribution is inversely proportional to efficiency. Poverty may be alleviated by increased zakat distribution (BAZNAS, 2019 & Firmansyah, 2013)

The ratio of amil funds measures and evaluates the efficacy of Amil Funds used in the logistical processes of zakat, infaq, and alms distribution More zakat is given out when the percentage of amil money is lower. In other words, the ratio of amil money to zakat distribution is inversely proportional. Poverty may be alleviated by increased zakat distribution (BAZNAS, 2019 & Ulya, 2018)

The liquidity ratio evaluates the short-term solvency of zakat organizations. More zakat is given out if the liquidity ratio is high. That is to say, the ratio of liquid assets to total assets is inversely related to the amount of zakat given out. While it is true that increasing the rate of zakat distribution may help alleviate poverty this is not the case if the liquidity ratio of the value is very high relative to the norm (BAZNAS, 2019; Razak, 2020).

The growth ratio is a historical indicator of the fund's pace of growth. The zakat distribution rises as the growth ratio increases. That is to say, the ratio of increase to the distribution of zakat is precisely proportionate. Poverty may be alleviated by increased zakat distribution (Baihaqi & Puspitasari, 2020; BAZNAS, 2019)

### 3.2. Ratio Calculation Results

The results of measuring the level of effectiveness of zakat distribution at BANZNAS using a financial ratio approach can be seen in the following table:

**Table 3.2.1 BAZNAS Activity Ratio Calculation Results**

		Activity Ratio												
	Ratio	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average	Interpretation	
1	Gross Allocation Ratio	66.22	65.65	69.69	59.32	48.12	62.24	74.88	72.85	76.50	77.53	67.3	Quite Effective	

2	Gross Allocation Ratio Non Amil	61.77	58.94	57.58	57.53	42.28	49.87	76.853	69.52	73.21	89.11	63.66	Quite Effective
3	Net Allocation to Collection Ratio	89.43	88.23	92.95	83.78	73.49	86.73	124.48	90.92	95.25	95.21	92.04	Highly Effective
4	Net Allocation to Collection Ratio non Amil	87.61	87.32	086.77	85.43	68.43	84.59	129.52	89.54	94.58	94.59	90.83	Highly Effective
5	Zakat Allocation Ratio	89.11	88.82	91.95	81.13	69.34	85.49	125.38	90.88	95.95	94.92	91.29	Highly Effective
6	Zakat Allocation Ratio non Amil	87.61	88.82	91.92	81.16	65.98	85.45	125.38	89.56	94.34	94.23	90.44	Highly Effective
7	Infaq and Shodaqa Allocation Ratio	95.11	82.17	43.41	66.44	89.11	112.78	117.13	108.34	82.58	69.72	86.67	Effective
8	Infaq and Shodaqa Allocation Ratio non Amil	94.41	82.19	43.45	145.89	148.31	112.79	117.11	109.17	81.28	66.61	100.12	Highly Effective
9	Zakat Turn Over	2.21	2.11	2.38	1.77	1.12	2.78	2.53	7.11	6.17	4.52	3.27	Excellent
10	Average of	1.62	1.71	1.51	2.24	3.22	1.29	1.42	5.12	5.83	8.87	3.28	Good

	Days Zakat Outstanding												
11	Infaq and Shodaqa Turn Over	2.22	3.26	9.37	6.86	8.85	1.30	5.32	1.14	7.09	2.46	4.78	Excellent
12	Average of Days Infaq and Shodaqa Outstanding	1.61	1.12	3.84	5.24	4.63	2.76	6.79	3.15	5.72	1.46	3.63	Good
13	ZIS Turn Over	2.63	2.22	2.12	1.52	0.92	1.37	2.83	3.77	3.71	3.78	2.48	Excellent
14	Average of Days ZIS Outstanding	1.36	1.62	1.69	2.36	3.88	2.62	1.27	9.53	9.68	9.58	4.35	Good
15	Disbursement Receivables Ratio	7.35	8.30	8.29	8.33	9.87	6.94	7.53	9.27	8.19	8.25	8.23	Good
16	Time required for the realization of disbursement receivables	2.64	2.39	2.98	2.30	3.55	2.49	2.71	3.48	2.98	2.97	2.84	Good
17	Down Payment Ratio	4.83	5.62	7.82	8.52	7.65	4.67	3.67	4.13	4.17	4.46	5.55	Good
18	Zakat Managed Asset Ratio	4.14	3.98	7.57	2.58	7.65	6.52	8.12	1.23	1.47	1.15	4.44	Good

The activity ratio in 2012-2021 BAZNAS has an average value of effective and good performance interpretation in operationalizing its funds, in this case indicating that BAZNAS

was active in collecting and distributing ZIS funds during that period. As seen in table 3.2.1, the allocation to collection ratio (ACR) results show an effective interpretation value with an average ratio value of 85.29%. BAZNAS also has a good performance in terms of the duration of ZIS funds collected deposited by BAZNAS.

**Table 3.2.2** BAZNAS Efficiency Ratio Calculation Results

		Efficiency Ratio											
	Ratio	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average	Interpretation
1	Collection Cost Ratio	580.9	505.5	556.8	528.2	528.4	418.3	510.4	537.8	480.6	485.9	513.28	Inefficient
2	Operating Cost Ratio	45.67	25.62	38.90	13.24	34.80	43.89	67.54	40.36	38.03	35.56	38.36	Efficient
3	HR Cost Ratio	10.50	10.21	10.13	10.23	15.62	18.91	21.1	14.83	7.31	21.3	14.01	Inefficient

The efficiency ratio in 2012-2021 BAZNAS shows that the collection ratio and the overall HR cost ratio have an average value of inefficient performance interpretation. This indicates that the funds needed to collect zakat by BAZNAS are too high and the burden is not in accordance with the amount of funds that can be collected as well as the performance of human resources on the amount of collection is not good. However, the operating cost ratio shows the value of efficient interpretation in regulating the amount of expenditure in BAZNAS operations.

**Table 3.2.3** Results of calculating the ratio of BAZNAS amil funds.

		Amil Fund Ratio											
	Ratio	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average	Interpretation

1	Amil Rights Ratio	16.7	12.1	1.41	12.9	14.5	15.7	17.9	14.0	14.1	11.9	13.1	Good
2	Ratio of Amil Rights to Zakat	11.4	13.4	11.4	19.2	15.7	12.7	14.5	12.4	12.3	14.1	13.7	Poor
3	Ratio of Amil Rights to Infaq and Shodaqa	2.38	3.14	7.43	6.25	17.5	18.4	19.0	17.6	16.5	14.8	12.3	Good

The ratio of amil funds in 2012-2021 BAZNAS shows the average interpretation value. The ratio of amil rights and the ratio of amil rights to alms infaq both with a value of less than 13.8% and 20% indicates that the operation expense obtained from the share of amil is within reasonable limits or obtained funds other than zakat funds. However, the ratio of amil rights to zakat showed poor performance because it exceeded the normal limit of 12.5%. This can happen because of the transition of muzakki to mustahiq such as the pandemic and others.

**Table 3.2.4 BAZNAS Liquidity Ratio Calculation Results**

Liquidity Ratio													
	Ratio	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average	Interpretation
1	Current Ratio	0.790	0.67	0.76	0.62	0.75	0.99	1.03	1.04	1.03	0.98	1.54	Poor
2	Quick Ratio/ Acid Test Ratio	0.68	0.11	1.07	1.09	0.75	0.76	1.06	1.05	1.04	0.78	0.83	Poor
3	Cash to Zakat Ratio	0.15	0.18	0.41	0.10	0.62	0.54	1.03	1.02	1.03	0.55	0.56	Poor

4	Cash to ZIS Ratio	0.36	0.68	0.82	0.12	0.68	0.11	1.07	1.09	1.03	0.34	0.63	Poor
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The liquidity ratio of zakat institutions, consisting of Current Ratio, Quick Ratio, Cash To Zakat Ratio and Cash To ZIS Ratio, overall shows a bad value. A ratio value of less than 1 indicates that liquid assets owned by zakat institutions are unable to cover their short-term liabilities in one period. Meanwhile, a ratio of more than 1.5 indicates that funds are deposited in the form of distribution receivables, even though short-term obligations have been met. The receivables are in the form of obligations to distribute zakat, infaq and alms funds that have not been implemented. So, it can be said that the liquidity capability of related institutions is still not classified as good because it has not been able to cover its short-term obligations and the existence of unchanneled settled funds

**Table 3.2.5** BAZNAS Growth Ratio Calculation Results

		Growth Ratio											
	Ratio	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average	Interpretation
1	Growth of Zakat	22.4	25.6	37.6	17.7	18.6	41.4	10.9	62.1	22.9	46.7	30.59	Poor
2	Growth of Infaq	3.49	-0.31	83.3	-0.99	1,1	1.40	16.1	-0.93	8.37	-0.87	12.17	Poor
3	Growth of ZIS	24.7	14.5	43.0	14.3	25.3	37.9	33.4	45.1	31.6	35.6	30.54	Poor
4	Growth of Allocation	-0.17	-0.40	-0.02	4.52	6.01	44.2	17.18	-0.083	3.99	-0.155	7.83	Poor

5	Growth of Operational Expense	0.56	1.63	1.82	5.47	2.07	1.76	- 0.060	4.09	1.26	1.30	1.99	Neutral
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The growth ratio in 2012-2021 BAZNAS shows that the average ratio value has not met the standard of effective interpretation of performance on the growth ratio. This identifies that in operational development, the funds collected from a decade are not good because the zakat funds collected from the previous year are not much and lacking in planning and distributing funds.

#### 4.4 BAZNAS Performance

The BAZNAS was formed to achieve the objectives of zakat management. The Badan Amil Zakat Nasional is a government agency that does not form part of the formal government structure. The role of the business sector or the community might form a zakat management organization called the LAZ to help the National Amil Zakat Agency in the operational tasks of collecting, distributing, and using zakat. To establish a National Amil Zakat Institute (LAZNAS), one must obtain permission from the minister or official. LAZNAS is required to report regularly to the National Amil Zakat Agency in the operational activities of the annual report, which has been audited by the Zakat management agency. The regularly reported report is aimed at maintaining transparency and accountability in LAZNAS operations.

The efficiency and efficacy with which an organization accomplishes its objectives are reflected in its financial performance (Alam, 2018). How well an organization accomplishes its objectives while making efficient use of available resources is a measure of its effectiveness. Income and expenditure comparisons may be said to be efficient if a given sum of money can cover all the necessary costs (Hastuti, 2005). Measuring a company's financial performance is beneficial because it can be used to enhance daily operations. The bottom line should improve, and the business should be better able to compete with others if operational performance is enhanced.

Financial performance in terms of activity ratio shows a fairly good performance. On the existing ratios, which have specific values at normal limits and although some ratios are not good enough, there are humanitarian funds in the previous year that are still paying off and have not been disbursed because the executive has not determined further policy. In addition, financial performance in terms of efficiency ratio also shows efficient performance in managing collection, operational and human resource costs. In addition, there should be extra attention from the internal to the ratio of Amil's rights. This is because, above this ratio, some results exceed the specified normal limits. But other ratios stay on track. The division of amil rights is determined by the amount collected by BAZNAS where the percentage of division has been determined from the centre.

BAZNAS can fulfil all its short-term obligations, including distributing zakat, infaq and alms funds. There was also no impact on this ratio during the pandemic. BAZNAS is still able to fulfil all obligations. But the other two ratios were slightly shaken. This is evidenced by the results of calculations indicated above the normal limit. Therefore, it can be concluded that the performance at this ratio is not good. Because there are still distribution obligations that have not been distributed. There are some funds that are settled, such as humanitarian funds. This fund is an infaq fund tied to the previous year that has the rest. In the following year, there was no further policy regarding the distribution of funds.

Finally, the growth performance of collection and distribution showed good performance. It can be concluded that there has been a significant increase due to the impact of covid-19 (Ninglasari & Muhammad, 2021). This is mainly because society has become more generous with others. In addition, BAZNAS, which has high trust from the community, is trusted to be a trusted institution to distribute its funds. This is supported by research Masrul & Huda (2021), the amil zakat institution is a solution in increasing economic growth amid the Covid-19 pandemic. In line with Amanda et al., (2021), the use of zakat is very helpful for those affected by Covid-19 including the health sector, the socio-economic sector, and the existing program sector. This is supported by Masrul & Huda (2021), mentioning that the amil zakat institution is a solution in increasing economic growth during the Covid-19 pandemic. Similarly, Amanda et al. (2021), stated that the use of zakat is beneficial for Covid-19, including the health sector, the social economic sector, and the existing program sector.



OPZ's responsibility in effectively distributing the collected zakat funds will provide many benefits. If OPZ distributes zakat effectively, muzaki trust will arise so that they will channel their zakat through OPZ (Fouad, 2010). Effective zakat distribution, increasing people's purchasing power can remain stable because zakat has a significant role to maintain economic stability (Aziz, 2014).

#### 4. CONCLUSION

The calculation of the five ratios, including the activity ratio, efficiency ratio, amil rights ratio, liquidity ratio and growth ratio, shows good performance, efficiency and has increased quite significantly. Although some sub-ratios have yielded poor results, BAZNAS' performance has explained its business process activities on track. This can be shown from a significant increase in collection and distribution. Looking at BAZNAS' performance shows stability and tends to increase to not stop contributing to society. BAZNAS is an amil zakat institution with a high level of trust; hence many people believe in donating funds through BAZNAS. BAZNAS continues to improve its collection and maximize its distribution to the needy so that the wider community can receive the benefits that have been provided.

In addition, BAZNAS needs to improve the efficiency of human resource performance so that it is more optimal and efficient in activities to increase the amount of collection and in liquidity ratios to be better in paying its short-term debt so that it can control operational activities in good fund-raising activities.

The limitation in this study is that the period of financial statements used is only guilty of one OPZ in Indonesia, so the results obtained cannot describe the effectiveness of zakat distribution. For this reason, it is recommended that further studies be carried out with a long period and the number of samples representing the OPZ population in Indonesia.

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